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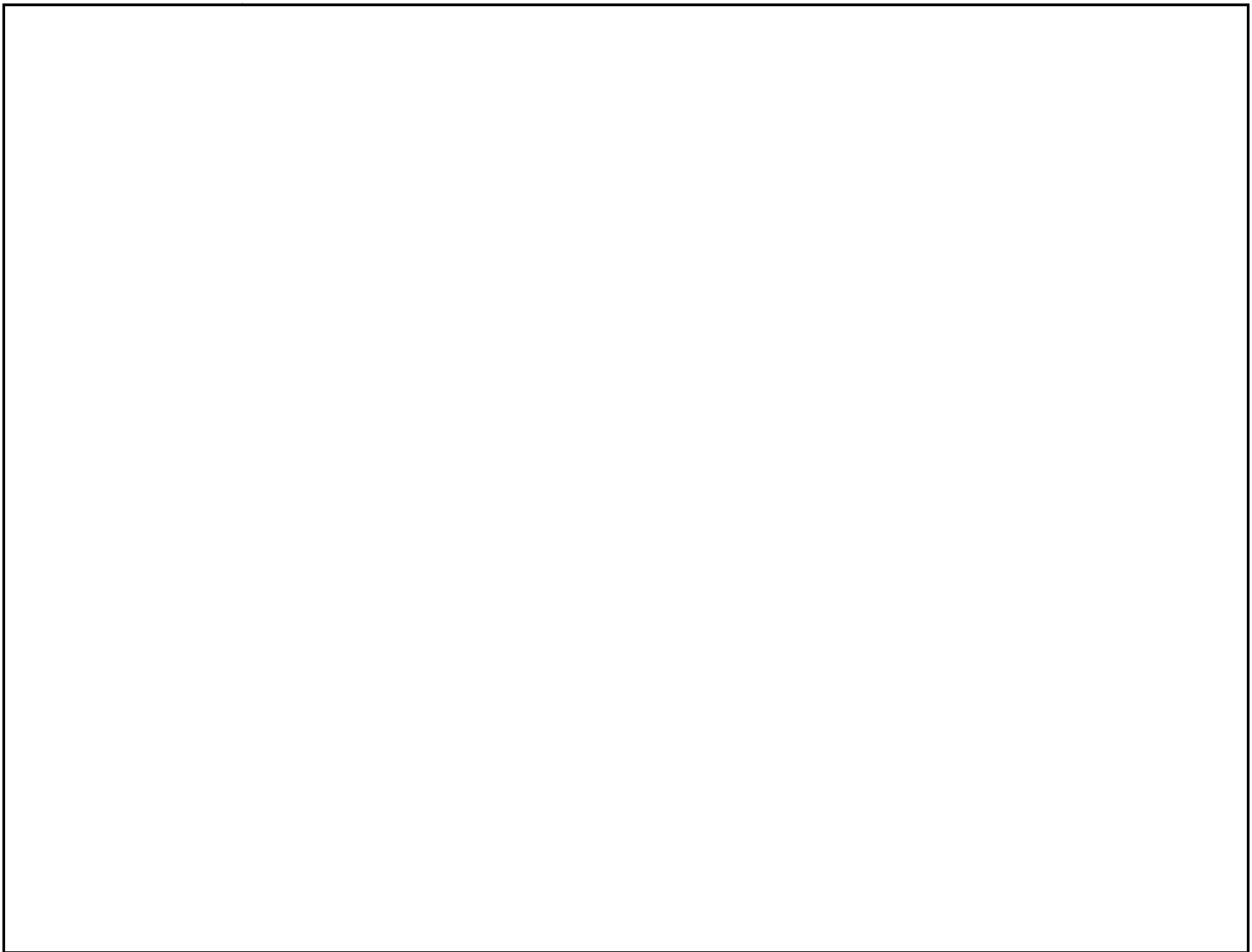
WESTERN EUROPE

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2. Further integration of Orbit planning scheduled:



Josef Pucik, chairman of the State Planning Office in Czechoslovakia, stated in the National Assembly on 20 January that during the period 1956-1960 parts of the economies of the USSR and the majority of the People's Democracies will be coordinated, and long-term mutual trading agreements will be concluded.

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Comment: This is the first public announcement that the 1956-1960 Five-Year Plans of Orbit nations will be coordinated beyond the general directives set forth by Moscow, and indicates an important step in the trend toward greater integration of Orbit economic affairs. Orbit leaders apparently hope that by 1956 present imbalances can be corrected and a new and more closely coordinated phase of economic growth can begin.

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FAR EAST

3. Chinese Communist imports from the West declined in 1953:

Communist China's recorded imports from the West in 1953 dropped from an estimated \$165,000,000 in the first half of the year to about \$120,000,000 in the second half, according to US Department of Commerce trade statistics. Increasing Western restrictions on strategic industrial imports and Peiping's slackening interest in non-strategic items will probably continue to depress the level of this trade in 1954.

The proportion of China's total imports supplied by the West declined to less than 30 percent in 1953. Although the West sold China substantial quantities of drugs and industrial raw materials, almost all of the highly strategic machinery and transportation equipment used in Peiping's five-year construction program came from the Soviet bloc.

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SOUTHEAST ASIA

4. The French landing on the coast of southern Annam:

The occupation on 20 January of the Viet Minh port of Tuy Hoa, in southern Annam, by approximately 2,000 French commandos was part of a larger operation launched five days earlier. This is a step toward the final clearing of southern Vietnam which General Navarre planned to accomplish during this campaigning season. In addition to the commandos, the French have committed three mobile groups, or about 10,000 troops, drawn from bases in Annam.

The scene of the present activity has been under Viet Minh control since the start of the war, but there are no more than seven regular enemy battalions nearby.

The French should be able to occupy this part of Annam with little difficulty and thus give a boost to morale in both France and Vietnam. It is less probable that Vietnamese civil and military authorities will be able to prevent the re-entry of enemy guerrilla forces if and when the French regular forces return to their bases. [REDACTED]

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NEAR EAST - AFRICA

5. Comment on Soviet veto of Western resolution on Syrian-Israeli dispute:

The Soviet veto of the Western plan for dealing with Syria's complaint over Israeli efforts to divert the upper Jordan river eliminates any prospect for a speedy settlement of the problem. It may even encourage Israel to resume its construction activities, despite the UN directive to the contrary. In voting with Lebanon against the Security Council resolution, the USSR encourages Arab charges that the West supports Israel on all Palestine questions.

Despite recent gestures toward Syria, the Soviet action seems designed more to hamper such Western regional efforts as the Unified Plan for developing the Jordan river, than to represent any new policy toward the Arab States. Indirectly the Soviet action seems likely to encourage neutralist tendencies, particularly in Syria and Egypt.

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The Soviet veto may have the effect of encouraging Arab and Israeli stubbornness on the Unified Plan, which each side has hoped would be rejected by the other. The Arab states have opposed it on political grounds, and Israel because it hoped to gain more from its own project. [REDACTED]

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WESTERN EUROPE

6. Bonn coalition members oppose Adenauer on powers of all-German regime:

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[REDACTED] Most leaders of the West German coalition parties oppose Chancellor Adenauer's acceptance of the joint Western position that authority should be only gradually transferred from the East and West German governments to a unified German regime. Instead, they want an all-German government to have complete authority from the outset.

They have told American officials in Bonn, however, that they will not oppose Adenauer publicly so long as the issue remains "theoretical. "

Comment: The issue would not remain "theoretical" if the Allies should obtain Soviet agreement to the principle of free all-German elections, since the nature and powers of a unified German regime would then come under discussion. In that case, Adenauer would be under considerable pressure from his own government to abandon the present Western position of keeping both West and East German governments in existence until such time as a unified regime can clearly maintain itself.

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